SOUTH FLORIDA WATER MANAGEMENT DISTRICT

the RIPPLE effect

December 2008

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Chairman's Message

Eric Buermann, Governing Board Chairman

December was a momentous month at the South Florida Water Management District. On December 16, the Governing Board voted to approve a contract with the United States Sugar Corporation to acquire more than 180,000 acres of agricultural land for Everglades restoration. This is a historic moment in time that will potentially allow us to store and treat water on a scale never before envisioned, providing priceless benefits to the River of Grass, Lake Okeechobee and the St. Lucie and Caloosahatchee rivers and estuaries.

Many members of the District staff worked diligently for the past five months to reach this milestone. Important and complex engineering, environmental and financial steps were required to get us to this step, which is part of the ongoing process to evaluate and acquire this vast tract for Everglades restoration.

The negotiated purchase price of this land is $1.34 billion, which is a significant investment. The benefits to be gained are invaluable: The wildlife of the Everglades will be sustained, critical drinking water sources replenished, coastal estuaries protected from lake discharges and abundant, clean water will again flow south into Florida Bay.

The Board has taken many precautionary steps to assure that the agency's core missions will not be adversely impacted by this purchase. For example, the Board voted to add a clause to the contract that provides us with the discretion to terminate if financing components and safeguards to the District's mission do not satisfy the Board as we move forward. This ensures that the District can pay for the purchase and accomplish its vital flood control, water supply and emergency management responsibilities.

Agreement on a contract is just the first phase of what will be an involved process to bring the acquisition to completion. In the coming months, we still have more work to do. We will seek validation of the Certificates of Participation that will be used to fund the acquisition. We will finalize the due diligence process. And we will work with local leaders and the Florida Legislature to assure that agricultural communities impacted by this acquisition receive the economic and redevelopment support they deserve.

This unprecedented land purchase places an enormous expanse of prime property into public ownership for environmental restoration. Yet consider what a healthy Everglades means to South Florida. The quality of life for 7.5 million residents depends entirely on the water held in our natural system. We depend on it for drinking, for recreation, for agriculture, for landscaping, for well-field protection, boating, fishing and countless other components that contribute to a healthy economy and the Florida way of life. The 2006-2008 water shortage vividly reminded us how much we need adequate water storage to sustain our environment, our economy and our quality of life.

This momentous acquisition will provide priceless benefits to Florida's environment and to Floridians as well. I encourage you to visit our dedicated Web page on the *River of Grass* to learn more.

SFWMD Governing Board Takes Next Step Toward Historic Land Acquisition for Everglades Restoration

Water Managers Accept Contract to Purchase Vast Agricultural Land Holdings South of Lake Okeechobee Subject to Amendment

After extensive deliberation, due diligence and public input, the South Florida Water Management District (SFWMD) Governing Board voted 4 to 3 on December 16 to accept a proposal to acquire more than 180,000 acres of agricultural land for Everglades restoration from the United States Sugar Corporation, contingent upon a specific amendment to the negotiated purchase and sale contract.

The transaction, subject to financing and debt contingencies, would provide water managers with the unprecedented opportunity to store and treat water on a scale never before envisioned for the benefit of the River of Grass, Lake Okeechobee and the St. Lucie and

Caloosahatchee rivers and estuaries. The proposed purchase is the largest public land acquisition in Florida's history and the single most important action to protect the Everglades since the designation of Everglades National Park sixty years ago.

"This is a once-in-a-lifetime opportunity to acquire land in the Everglades Agricultural Area for restoration. The immense environmental benefit of these lands and their value to Florida's unique Everglades ecosystem cannot be overstated," said SFWMD Governing Board Chairman Eric Buermann. "Without losing sight of Governor Crist's bold vision for restoration, the Board has evaluated the details of the proposed acquisition and listened carefully to the input of Floridians, the Florida Legislature and local elected leaders. Amending the contract before us is an important step for delivering an agreement that not only meets South Florida's environmental needs but also better protects the interests of the taxpayers. This is good government and the public process at work.

Highlights of the purchase and lease agreements include:

- The District would take ownership of a minimum of 180,000 acres land and its improvements for a purchase price of $1.34 billion.
- Under a separate agreement, U.S. Sugar would lease and manage the land for agricultural operation for seven years, avoiding more than $40 million in land management costs to the District over the life of the lease.
- The lease arrangement would allow the release of the first 10,000 acres of property to the District at any time after the first year with appropriate notice. An additional 30,000 acres may be released in year six, on or after December 30, 2015.
- The lease agreement would also allow for the release of up to 3,000 acres in connection with land transfers to municipalities or other governmental entities.
- The company would retain ownership of its major assets, including a sugar mill, refinery, railroad and citrus processing plant.
- Subject to court validation and suitable market conditions, the District would issue certificates of participation to fund the land acquisition. The parties must close on the purchase within 90 days of bond validation and no later than September 25, 2009.

To protect the agency's core mission in light of a fluctuating and challenging economic climate, the Governing Board strengthened financing conditions within the purchase and sale agreement offered by U.S. Sugar. Before closing, a new clause would allow the Governing Board to review the most current economic conditions — including interest rates and revenue streams — and verify the District's capacity to finance the purchase and accomplish its existing statutory mandates and legal obligations.

"Economic conditions and revenue projections have changed dramatically over the last five months since negotiations for this acquisition began and it is incumbent upon the Board to protect the agency's ability to achieve its mission as we move this acquisition forward," added Chairman Buermann. "It is our fiduciary responsibility to ensure that the District can both afford this purchase and accomplish its core flood control, water supply and emergency management mandates."

This Governing Board action was the culmination of more than five months of complex negotiations and due diligence that began after Florida Governor Charlie Crist first announced the opportunity to acquire the vast tracts of land from U.S. Sugar for environmental restoration on June 24, 2008. The District's extensive due diligence included multiple land appraisals, environmental assessments and engineering evaluations on more than 180,000 acres. The in-depth reports and data associated with the acquisition were presented to the Governing Board during a series of monthly public meetings and made available through the District's Web site at www.sfwmd.gov/riverofgrass as part of the public proceedings and deliberation.

Environmental Goals of the acquisition include:

- Huge increases in the availability of water storage, significantly reducing the potential for harmful discharges from Lake Okeechobee to Florida's coastal rivers and estuaries when lake levels are high.
- The ability to deliver cleaner water to the Everglades during dry times and greater water storage to protect the natural system during wet years.
- Preventing tons of phosphorus from entering the Everglades every year.
- Significantly reducing the need for "back-pumping" water into Lake Okeechobee from the Everglades Agricultural Area to augment regional water supply needs.
- Additional water storage alternatives, relieving some pressures on the Herbert Hoover Dike while the federal government undertakes repairs.
- Significant flexibility in managing Lake Okeechobee levels in a more environmentally friendly way.

"The Board is grateful to Governor Crist for his vision in seeing an extraordinary opportunity to revive the River of Grass and safeguard the Caloosahatchee and St. Lucie rivers. The Governor deserves our thanks for his courage in bringing once divergent interests together to fully explore this opportunity for the Everglades," added the Chairman.

The Everglades:
America's Everglades once covered almost 11,000 square miles of south Florida. Just a century ago, water flowed down the Kissimmee River into Lake Okeechobee, then south through the Everglades to the Florida Bay — the ultimate destination of the pure sheet flow. Because of efforts to drain the marshland for agriculture, development and flood control, the Everglades is today half the size it was a century ago.

Dubbed the *River of Grass* for the sawgrass that flourished throughout the marsh, the Everglades is a mosaic of freshwater ponds, prairies and forested uplands that supports a rich plant and wildlife community. Known throughout the world for its wading birds and wildlife, the Everglades is home to more than sixty threatened and endangered species, including the Florida panther, American crocodile, snail kite and wood stork. The mix of salt and freshwater makes it the only place on Earth where alligators and crocodiles exist side by side.

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2008: Accomplishments Highlight Dynamic Year

Extensive List Includes River of Grass Negotiations Plus Water Shortage Challenges, Water Conservation Achievements



To view more photos of the District's 2008 accomplishments, click here.

From negotiating one of the largest and most complex real estate transactions in Florida's history to responding to a year's worth of weather extremes, the South Florida Water Management District (SFWMD) successfully met a broad spectrum of challenges in 2008.

With a budget of $2.9 billion, 1,800 employees and a 16-county jurisdiction stretching from Orlando to the Florida Keys, the District again had a banner year.

Reviving the River of Grass

- Pursued the opportunity to acquire more than 180,000 acres of land owned by the United States Sugar Corporation south of Lake Okeechobee, providing water managers with the unprecedented opportunity to store and treat water on a scale never before envisioned for the benefit of America's Everglades, Lake Okeechobee and the St. Lucie and Caloosahatchee rivers and estuaries.
- Agreed to a proposed price of $1.34 billion for the land, a savings of more than $400 million from the initial estimate, following in-depth land appraisals and environmental assessments.
- SFWMD Governing Board accepted the contract to purchase the land, contingent on financing. A dedicated Web site provides timely updates: www.sfwmd.gov/riverofgrass.

Response to the Ongoing Water Shortage

- Continued operation of an emergency response Incident Command with more than 20 water shortage management teams.
- Conducted extensive utility and drainage district coordination through the Emergency Operations Center.
- Produced weekly in-depth water conditions analysis to guide water supply decisions.
- Imposed one-day-a-week emergency watering limits in December 2007. Modified restrictions to 2-days-a-week in April in recognition of condition changes in the water shortage. Modifications were made again in September in preparation for the dry season.
- Launched an on-line water shortage education and audit program.
- Implemented a warning-based water restriction enforcement program, which resulted in a repeat offense rate of less than 6 percent.
- Generated tremendous public awareness of the water shortage through active media relations and public outreach programs.
- Responded to more than 12,000 Citizen Information Line calls and answered 2,800 public e-mails.
- Produced and distributed 3 million printed pieces to educate residents about the water shortage.

Response to Tropical Storm Fay, August 2008

- Coordinated pre-storm, during-storm and response efforts to a weather event that dropped an average of 7.63 inches of rain with peaks of 15 inches in some areas.
- Lowered canals, closed navigation locks to boat traffic and opened Citizen Information Line in advance of the storm.
- Activated 24-hour Emergency Operations Center to monitor and remotely operate structures during the storm.
- Conducted ground and aerial field inspections, adjusted canal flows to conserve water and increased inter-governmental and public communications following the storm.
- Lake Okeechobee's water level rose more than two feet in one week, prompting the U.S. Army Corps of Engineers to initiate water releases.

Water Conservation

- Convened a Water Conservation Summit in December 2007 to gather information and input from local, state and national experts on the components of an achievable, meaningful and lasting water conservation program.
- Throughout 2008, welcomed intensive stakeholder input during regular meetings with 21 representatives drawn from diverse interest groups.
- Adopted a Comprehensive Water Conservation Program to develop and nourish a lasting water conservation ethic in South Florida. Components include:
    - Initiating the development of Year-Round Landscape Irrigation Measures to establish a 2-day-a-week landscape watering schedule throughout the district.
    - Increasing and promoting financial incentives to develop alternative water supplies and effective water conservation measures.
    - Encouraging the development of voluntary water conservation programs and improving educational partnerships.

Meeting and Balancing Water Supply Demands

- Granted funding to 70 alternative water supply programs to support the development of 81 million gallons of new water a day.
- Granted funding to 17 Water Savings Incentive Program projects with the potential to save an estimated 311 million gallons of water per year.
- Assisted Palm Beach County to accelerate construction of the Lake Region Water Treatment Plant serving South Bay, Belle Glade and Pahokee.

Protecting and Restoring the Everglades

- Purchased 5,442 acres of land for Comprehensive Everglades Restoration Plan projects. A total of 229,094 acres, or nearly 59 percent of the land needed to complete restoration, have been acquired.
- Completed pump station designs and the first three phases of demolition, canal filling and road removal for Picayune Strand restoration.
- Implemented an Avian Protection Plan for Stormwater Treatment Areas in cooperation with U.S. Fish and Wildlife Service.
- Implemented Stormwater Treatment Area Drought Contingency strategy to identify actions to minimize drought impacts and maintain vegetation.
- Expanded understanding of tree island ecology in Water Conservation Areas through research.

Improving Everglades Water Quality

- Treated more than 775,000 acre-feet of water in Stormwater Treatment Areas, which removed more than 215,000 pounds of phosphorus.
- Measured a continuing drop in total phosphorus concentrations entering the Everglades in 2008. Stormwater Treatment Areas reduced the total phosphorus load by 80 percent.
- Treated 11,500 acres of submerged aquatic vegetation and 4,500 acres of emergent vegetation in the Stormwater Treatment Areas.
- Completed the draft of the 2008 Long-Term Plan Report.

Restoring the Health of Lake Okeechobee

- Removed vegetated organic material from 230 acres of Northwest marsh area, producing a cleaner lake bed.
- Relocated 1,500 native pond apple trees from EAA reservoir site to Kramer Island to improve water quality.
- Removed 5,000 (50 tons) of discarded tires to improve water quality.
- Cultivated apple snail eggs for potential transplant to the lake to assist endangered snail kites.
- Activated Taylor Creek Algal Turf Scrubber nutrient recovery facility to treat 15 million gallons per day of water rerouted from Taylor Creek, a tributary to Lake Okeechobee.
- Constructed and operated four pilot sites testing Hybrid Wetland Treatment Technology.

Protecting Coastal Watersheds

- Completed final drafts of Caloosahatchee River Watershed Protection Plan and St. Lucie River Watershed Protection Plan.
- Acquired 1,773 acres of land for the Caloosahatchee Water Quality Treatment and Testing Facility.
- Completed 27 science efforts to support restoration and operations.
- Completed 65 local habitat, hydrologic and water quality improvement projects.

- Completed the Surface Water Improvement and Management Plan for Lower Charlotte Harbor.

Restoring the Kissimmee River and Basin

- U.S. Army Corps of Engineers initiated construction on four additional miles of Kissimmee River restoration. There will be 14 miles of backfilled C-38 Canal and 24 miles of reestablished river channel when the four additional miles are complete.
- Documented an increase in wading birds to about 35 per square kilometer on the restored floodplain. This exceeds the target of about 31 birds per square kilometer on the restored floodplain.
- Initiated a baseline monitoring project to evaluate the ecology of two phases of the Kissimmee River Restoration Project.

Refurbishing the Central and Southern Florida Project

- Completed four emergency structure stability projects including the S-65E Tailwater Weir, the largest single structure ever built by the District. It successfully weathered high flows from Tropical Storm Fay, protecting both the S-65E water control structure on the Kissimmee River and the S-84 water control structure on a tributary canal of the Kissimmee River.
- Assessed 139 water control structures including locks, spillways, weirs and pump stations, and surveyed 220 miles of canals.
- Installed 86 new electronic communication sites used in the remote operation of the regional water control and flood protection system.
- Introduced 50,000 grass carp into regional canals for the biological control of vegetation.
- Treated more than 60,000 acres of land vegetation and 23,500 acres of aquatic vegetation to control exotic and invasive species.

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